

**Warrant Committee FY06 Meeting Minutes**  
**September 27, 2006**  
**7:30 p.m. CHENERY MIDDLE SCHOOL**  
**COMMUNITY ROOM**

Handouts: Projections for the FY08 budget

Other Attendees: Treasurer Carman, Town Administrator Younger, BOS Member Firenze, and Town Accountant Hagg.

Members Absent: BOS Chair Solomon (BOS Member Firenze attended in his stead), Members Paolillo, and Tillotson

Meeting was called to order at 7:30 p.m.

Minutes of June 21, 2006 were accepted.

### **NOMINATING COMMITTEE**

The report of the Nominating Committee was presented by Member Bruschi. The slate of nominees is Ralph Jones for Chair, Phil Curtis as Vice Chair, and Pat Callanan as Secretary. The slate was voted unanimously favorably as presented.

### **FY08 BUDGET PROJECTIONS**

Member White presented the projections showing the preliminary FY07 budget and the first pass of FY08 budget and what it may look like. Revenue assumptions include the 2.5% allowed under taxes, \$500K in new growth, and preliminary changes in the debt exclusion including a projected decrease in the Chenery Middle School SBAB reimbursement. The expected decrease is an estimate based on the recent completion of the audit that included an interest rate on the bond issuance of less than originally anticipated and less expenditures on the project than had been budgeted. A decrease in the PILOT payment for McLean is expected as the new growth from that development comes on line. Other receipts are increasing slightly. Overall the revenues are increasing 2.7%. On the expense side Salaries and Wages are expected to increase 4% (steps and COLA) and a lower increase for health insurance than expected (7.5%) for 11/1/07. Retirement expenses are estimated at 6%. Member Widmer requested an update when the new actuarial study has been done. Other estimates are very preliminary for expenses. Capital will remain stable. Total expenses are expected at 5% leaving a \$1.5M deficit. The assumptions are that health insurance will be status quo without a change in structure that was presented by Member Curtis. Nor does it include a change in the structure for deductibles, just the flat rate increase. Only \$1M for roads and nothing more. Only \$1.2M for other capital. This does not include any start of funding for the GASB 45 Post Employment Health. Also no programmatic changes for town or school were included. We are still awaiting our new growth for both FY07 and FY08.

## **BLUEPRINT FOR CHANGE: CONTINUED DISCUSSION**

Member Curtis brought up the subject of potential savings by accepting a self insured health insurance. He asked if this is a subject that the WC would like to pursue. Member Bruschi is concerned that we need to be aware of the reasons that this failed when it was done in prior years. The Town was left with a large deficit that it was forced to fund. Member Hofmann stated that claims caught up with us that we were unaware of. He was in favor of increasing co-pays rather than a self insurance plan. Member Heigham asked if self insurance has been ruled on by Town Counsel as to whether it has to be bargained. Member Oates asked the amount for a needed stabilization fund. Member Curtis stated that three months of claims would be needed (based on an insurance expert on his sub committee). Member Allison stated that there was a report last year that there were fundamental structure problems in our health insurance that need to be addressed. Instead of addressing those problems, we are taking a line whereas the town will be accepting additional risk. Member Curtis stated that many of those structural changes would have to be negotiated by the Town, not his sub committee. The financial proposal for a self insurance fund was also a recommended structural change. Member Hofmann asked for a legal opinion on this self insurance. Again he asked that the BOS negotiate those higher co pays from employees. BOS Member Firenze stated that the Town has tried to open negotiations and the only option that we were given by the unions was coalition bargaining that he is not in favor of. The employees will be looking for bilateral negotiations, not unilateral changes. He feels that the practicality of doing this inexpensively is very small. Chair Jones states that he feels that we should look at what happened the last time we had self insurance. Was this an increase in claims, the level of approvals; were reserves too low, a growth in the number of employees, or a failure to set up long term reserves? Member Allison is concerned that the subcommittee had looked at the private sector as a base rather than the other public sector experience. Younger will contact Town Counsel and ask other managers about self funding. Member Callanan stated that a public focus on this issue is important and to keep all these issues in front of the public. Member placeFirenze stated that the combined costs of employees with salaries plus health plus other benefits some of the positions are equitable to the private sector but there are a fair number of other positions that we are having difficulties filling. Member White would like to have an Executive Session with the BOS and School Committee to discuss where we are with negotiations. October 17<sup>th</sup> the School Committee and BOS will be meeting but School Chair Gibson feels that this is not an appropriate time for the inclusion of the WC. She feels a subsequent meeting with just the WC would be appropriate.

## **NOVEMBER 13 SPECIAL TOWN MEETING**

Member Firenze stated that there will be several zoning issues on the agenda. There will be some land acquisitions and land sales to neighbors. The land is not currently owned. The disposition of the additional local aid to the town and school will also be on the agenda. This \$148K will be allocated in a particular fashion, and perhaps some minor financial transfers. Zoning will be the key. Harvard Lawn Fire Station bid has gone out.

We have sold the Belmont Center Fire Station at \$1.5M and there is an additional \$75K penalty if there is not an occupancy permit within 15 month. The BOS is proposing all the additional state aid.

## **REGIONALIZATION**

The Subcommittee on Regionalization met with the representative of the Metropolitan Area Planning Council. They are currently working with a number of groups where they work on the procurement of office supplies, paving, street stripping, street cleaning, etc. Towns save for the cost of preparation of bid specs etc. Each member puts up \$4K per year and the Council does the bidding and administrative work for this bidding.

They would be willing to pick up the attempt of working with regionalization of services with area communities and do the administration. Historically they have been doing group purchasing of groups and services rather than coordinating towns to do regional work but would be interested in trying it. They feel that there is a potential of 10% savings in the items that they are involved with purchasing. The Committee members will continue to work with the communities of interest and Younger will be contacting those town managers along with the MAPC.

Member Doblin asked about the expectations for the November 1<sup>st</sup> meeting. Chair Jones will be communicating with BOS Chair Solomon regarding this subject.

Next meetings will be scheduled for 10/11, 10/25, and 11/8.

Motion to adjourn at 8:30 p.m. by Member Heigham.